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24 March 2008

## VIA E-MAIL & U.S. MAIL

Todd L. Goodman, Esq  
Associate General Counsel  
Pepco Holdings, Inc.  
800 King Street  
P.O. Box 231  
Wilmington, DE 19899

Re: *Delmarva Power & Light Company*  
*PSC Docket No. 07-20*

Dear Todd:

Staff has received and reviewed the Company's amended IRP in connection with the captioned matter. Staff believes the amended IRP does not clearly identify certain issues surrounding the development of Delaware's energy supply portfolio for the ten-year planning period.

As you are aware, under the Delaware Electric Utility Retail Customer Supply Act of 2006 ("EURCSA"), the Company is required to "systematically evaluate all available supply options" during the ten-year planning period in order to require sufficient, efficient and reliable sources over time to meet its customers' needs at a minimal cost. This detailed investigation should include all reasonable short- and long-term procurement options, even if such options are not ultimately recommended by the Company. In this review, Delmarva may consider the economic and environmental value of:

- (i) resources that utilize new or innovative baseload technologies (such as coal gasification);
- (ii) resources that provide short- or long-term environmental benefits to the citizens of this State (such as renewable resources like wind and solar power);
- (iii) facilities that utilize existing brownfield or industrial sites;
- (iv) resources that promote fuel diversity;
- (v) resources or facilities that support or improve reliability; or
- (vi) resources that encourage price stability.

In order to assist the Staff's evaluation of the amended IRP, Staff requests that Delmarva either provide information or identify the relevant portions of the amended IRP regarding the following issues:

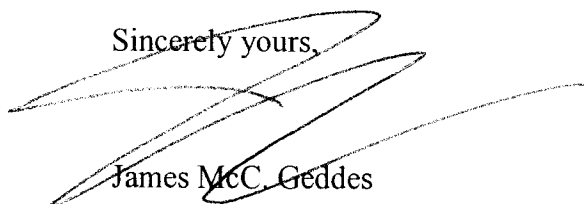
- Identification of the specific blend of resources the Company proposes to meet the projected SOS load. Staff requests that the Company itemize each resource and the amount (*i.e.* MW) of the corresponding load that will be satisfied in each year of the ten-year planning period with each resource option.
- A detailed risk and cost analysis of each resource option proposed on pages 58-64 of the amended IRP that considers the factors outlined in Section 1007(c)(1)b. of the EURCSA.
- Modeling of the implications of incorporating long-term resources into Delaware's energy supply portfolio. Modeling should include analysis of risk allocation between Delmarva and the SOS customers, intraday load shaping, load uncertainty, and the risk of customer migration. Staff recognizes that in the volatile and uncertain energy climate that exists, forecasts extending beyond a three year time horizon will lack some of the precision available in the near term.
- Simulation of Delaware's energy portfolio in the following three alternative long-term procurement scenarios:
  - (1) Bluewater offshore wind PPA and a backup generation PPA;
  - (2) PPA for the procurement of onshore wind power from a regional jurisdiction; and
  - (3) No new generation assets with reliance on PJM's Mid-Atlantic Power Pathway project.
- The Company's position on the following key issues:
  - (1) cost recovery;
  - (2) implementation of a non-bypassable distribution charge;
  - (3) possible restrictions of customer choice; and
  - (4) operation of true-up mechanisms.
- Comparison of the cost versus reliability benefits of new utility-owned generation and a long-term power purchase agreement – *i.e.* comparison to the Bluewater and backup generation PPAs.
- Comprehensive presentation of all reasonably available demand response programs and identification of the Company's rationale for recommending or not recommending a particular program.

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Staff would appreciate the Company supplying us with all responses to the above inquiries no later than May 15, 2008. We believe that such information will further assist Staff, and ultimately the Commission, in deciding whether the IRP meets the EURCSA's minimum statutory requirements and the rules promulgated in Regulation Docket No. 60.

If you any questions or concerns regarding the above, please don't hesitate to contact me.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James McC. Geddes", with a large, sweeping flourish extending to the right.

JMcCG:jmg

cc: Gary Stockbridge (via e-mail)  
William Moore (via e-mail)  
Gary Cohen (via e-mail)  
Jack Barrar (via-email)  
Bruce H. Burcat (via e-mail)  
Michael Sheehy (via e-mail)  
Janis Dillard (via e-mail)  
David Bloom (via e-mail)